

## **REMARKS & INTERVIEW SUMMARY**

Claims 2 – 18 and 21 – 25, 27 - 34 are pending. Claims 1, 19, 20 and 26 are canceled. No new matter has been introduced by this amendment into the specification and/or claims. The Applicant appreciates the re-confirmation that claims 2 – 7, 10 – 18 and 21 – 24 are allowed.

### Interview Summary

An interview was held on August 8, 2007 with the Examiner, at which time the references of records (including Hastings, Elston and Jacobi) were discussed. The interview helped both sides clarify the interpretation and understanding of the references. Additional suggestions were exchanged on how to better define the claim language to overcome the references.

The submitted IDS was also discussed along with a review of the materials sent in for the Rule 1.132 declaration. As noted in such discussions, it would appear that the alleged prior art is being touted as being relevant to limitations in the claims pertaining to monitoring of subscriber rental queues, and the sending of notifications as needed based on the results of such monitoring. For the reasons discussed the Applicant submits that a) the purported declaration lacks any credibility; b) it is effectively irrelevant since Applicant has clear evidence of prior conception and diligent reduction to practice.

### Response To Rejections

Based on the Examiner's observations and comments the Applicant has revisited the claims and proposed additional limitations directed to any remaining concerns. Thus at this time the Applicant summarizes the response as follows:

- the § 112 rejection of claims 25, 27 - 29 is addressed through traverse, amendment and argument below;
- the § 103 rejection of claim 8 based on Hastings (6,584,450) taken with Elston (6,055,505) and Jacobi (6,317,722) is addressed through traverse, argument and/or amendment as noted below;

- the § 103 rejection of claims 9, 25 – 34 based on Hastings (6,584,450) taken with Elston (6,055,505) is addressed through traverse, argument and amendment as noted below.

Based on the present amendment and supporting materials the Applicant submits that the claims should be in condition for allowance.

#### Response to § 112 rejections for claims 25 and 27 - 29

Claim 25 has been rejected by the Examiner based on his concern for the language reciting the addition/removal of the media item. To address such rejection Applicant has amended the claim to remove any remaining issues, in manner that is consistent with the suggestions made by the Examiner. Given that the Examiner apparently does not believe that there is any remaining prior art issue, the claim should now be allowable. The rejection of claims 27 – 29, which depend from claim 25, are thus believed to be resolved as well.

#### Rejection of Claim 8 Hastings (6584450), Elston (6055505) and Jacobi

The parties discussed the prior art - particularly Hastings - at length. The Applicant believes there are several subtle but significant differences over that reference, including the aspect of altering the ordering of the queue and generating recommendations. Nonetheless to expedite and resolve resolution of the case, Applicant has agreed to modify the claim again to remove any ambiguity or concern. The ordering of the media titles is thus also distinguishable over such reference.

In addition the claim was further amended to make the language consistent therein with the notion that the changes to the subscriber rental queue could be in the form of either or both new additions/alterations of existing selections. It is hoped that this new phrasing should be more than sufficient at this point to demonstrate patentability of claim.

In addition to the above reasons which should render the claim allowable, the Applicant also noted yet another distinction. Namely, the Jacobi reference was explained as not being relevant because it does not meet the limitation of making a

prediction about whether a media item is "...more desirable than" to a subscriber than some other item already selected in the subscriber's rental queue. That is, the type of recommender in Jacobi merely analyzes the content of the shopping cart, and determines which additional items might be added to the cart. This is characteristic of a conventional corroborative, item-to-item correlator. In contrast, in the present invention an additional analysis is done by the recommendation system, namely, a prediction, to see if the recommended item is indeed going to satisfy certain criteria relative to other items.

As a final reason, and merely to close out all aspects of the references for a complete record, Applicant again reiterates that Elston discloses notifications in an entirely different context unrelated to the present invention. From the perspective of one skilled in the art designing a banking application, one can easily and readily appreciate why it is useful to send alerts to customers that their accounts are low or overdrawn. This serves the purpose of the bank (potentially) losing funds and there is a clearly financial motivation.

In contrast at the time of the invention, the reality is that the Netflix system, and the Hastings reference, do exactly the opposite, because the financial incentive works in the other direction. This can be verified from examining archived copies of web pages for such site. Under the terms of a MAX OUT subscription the onus is placed by Hastings/Netflix on the subscriber to keep his/her queue stocked with movies in order to assure a regular delivery of titles. An example of a current version of this type of warning is attached hereto as Exhibit 1. It can be seen that on page 1, the Netflix system alerts the subscriber that they need to include more movies to ensure the best possible service. A similar warning is given if one clicks on the URL noted on page 1, which causes the content of the text on page 2 to appear. Note that while the attached exhibit is from a current account, it is believed that this same (or substantially the same) procedure was in place at the time of the filing of the invention.

Thus the standard procedure in place at the time of the filing of the invention, despite the imputed knowledge of such techniques as shown in Elston, was to force the subscriber to attend to his/her rental queue on a continuous basis to keep it up to date. In part it is believed that this was motivated as well by a desire to drive up web site-traffic, which is a known critical benchmark of success for many e-commerce entities.

Consequently despite the fact that the Netflix system had been in operation for several years when the present application was filed, it did not take the approach suggested by Elston.<sup>1</sup> Again this is because, as Applicant submits, there is in fact a counter-incentive to operate the business in this fashion.

Given these facts, Applicant submits that the recently announced Supreme Court decision in KSR in fact supports a finding of non-obviousness on this point. That is, despite the fact that there was work in a related field on notifications, there was no required design incentive or market force – because of the disparate business model – that would prompt one of skill in the art to incorporate such feature into the Hastings architecture. See KSR v. Teleflex, 550 U.S. \_\_\_\_ (2007) at page 13.

The Applicant thus submits that claim 8 now distinguishes in several material aspects from the prior art, and respectfully requests allowance of the same.

#### Rejection of Claims 9, 25, 27 – 34 in light of Hastings (6584450) and Elston (6055505)

For independent claim 9: this has been amended in a manner consistent with claim 8. Moreover there are additional reasons, as Applicant noted before that – as concerns the last limitation in the claim - Hastings only refers to the general sequencing of movies. It does not teach or suggest that the “recommended” playable media item is designated as the next to be delivered to the subscriber. In the invention of claim 9 it is automatically given a status that ensures it will be the next actually delivered to the subscriber. This, again, is a desirable feature which ensures that more pertinent/interesting subject matter is automatically elevated in status for the subscriber and delivered with a higher priority than other titles which may have become stale or be less interesting.

To address the concerns the Examiner had about some potential theoretical behavior of the prior art concerning unavailable titles, the Applicant amended claim 9 further as well to recite that the item is bumped even if other playable media items are otherwise available for delivery within said subscriber rental queue. For these reasons the Applicant submits that this claim should be in condition for allowance as well.

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<sup>1</sup> As noted above, Netflix now belatedly claims to have used such approach, but the details of this assertion are not particularly credible, and in any event was not until after the Applicant's conception

Independent claim 25: This claim was amended before, and is amended again herein. Since there does not seem to be any further disagreement on the allowability of the claim based on the prior art, Applicant requests reconsideration of the same.

Dependent claims 27 – 29 should be allowable for the same reasons as set forth above for claim 25 and the other claims.

For claim 30, the Examiner's rejection appears in part to be due to a different reading of limitation (f) of the claim than intended. To rectify this, the claim has been amended to make it clear that the URL is embedded and thus part of the electronic notification. The reference to Hastings, as the Examiner acknowledges, contains no such capability. See page 4 Office Action discussion about "response field" portion of the electronic notification. Hence this claim should be allowable for this reason.

Moreover, this claim is further distinguishable on the basis that it allows for "... a subscriber selectable option to detect whether a quantity of titles in the subscriber rental queue is at or below a threshold number." This type of operation and/or function is not disclosed in Elston – i.e, giving the subscriber the benefit of controlling the behavior of the monitoring. In Elston this appears to be done automatically, again, because the banks would prefer that they not incur any unnecessary costs.

Dependent claims 31 – 34 should be allowable for at least the same reasons.

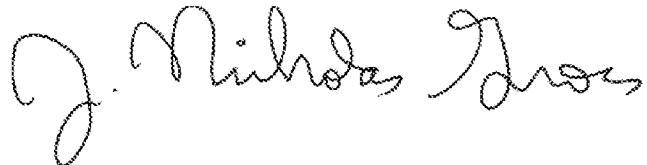
### Conclusion

Applicant has addressed all the outstanding issues presented in the most recent Office Action. Only minor changes are proposed which should place the case in better condition for allowance and/or appeal.

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date.

Should the Examiner wish to discuss anything related to this case in person, feel free to contact the undersigned at any convenient time.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Nicholas Gross".

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